

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 7/12/2016	(3) CONTACT/PHONE Jim Erb 781-5831	
(4) SUBJECT Request to approve the advance payment of the County's FY 2016-17 Employer Retirement and Employer Paid Portion of Employee Normal Retirement Contributions to the San Luis Obispo County Pension Trust.			
(5) RECOMMENDED ACTION It is recommended that the Board approve the advance payment of County appropriation to the Pension Trust.			
(6) FUNDING SOURCE(S) Various reserves and designations	(7) CURRENT YEAR FINANCIAL IMPACT \$1,483,542.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>May 6, 2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Auditor - Controller - Treasurer - Tax Collector / Jim Erb 781-5831

DATE: 7/12/2016

SUBJECT: Request to approve the advance payment of the County's FY 2016-17 Employer Retirement and Employer Paid Portion of Employee Normal Retirement Contributions to the San Luis Obispo County Pension Trust.

RECOMMENDATION

It is recommended that the Board approve the advance payment of County appropriation to the Pension Trust.

DISCUSSION

Current provisions of the County's Retirement Plan permit the County to prepay its obligation to Pension Trust on an annual basis. On May 6, 2014, your Board approved an agreement with San Luis Obispo County Pension Trust to facilitate annual prefunding of the County's and APCD's Employer Contributions and Employer for Employee Contributions. The agreement is in effect for fiscal year 2016-17 and will remain in effect each year thereafter with approval from the Pension Trust Board of Directors, the County Administrative Officer and the County Auditor-Controller-Treasurer-Tax Collector. The advance payment of the Annual Required Contribution (ARC) will reduce the County's 2016-17 pension obligation by approximately \$1,483,542.

The plan actuary has calculated the amounts due from the County based on current payroll information which was obtained from the Auditor-Controller-Treasurer-Tax Collector. For the coming year, the County appropriation due in advance is \$34,993,085 and the Employer-Paid portion of Employee Normal Contributions is \$11,375,530 for a total of \$46,368,615. The payment will be made on July 12, 2016 and will cover the period July 1, 2016 to June 30, 2017.

The County will earn 3.20% ($\$1,483,542 / \$46,368,615 = 3.20\%$) on the contribution savings versus earning a much lower rate if the funds were invested in the Treasury Pool. For the month ending April 30, 2016, the Treasury Pool earned a net of .67%. We benchmark our Treasury Pool performance to the State Local Agency Investment Fund (LAIF). During the same time period LAIF earned .53%. Assuming the Treasury Pool stayed relatively consistent for the year, we would earn approximately \$310,670 versus \$1,483,542 by funding the Advanced Payment.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed the Pension Trust Prefunding Agreement. In addition, on June 27, 2016 the Pension Trust Board of Trustees approved the advance payment agreement.

FINANCIAL CONSIDERATIONS

Advancing the County's annual pension obligation will reduce the Annual Required Contribution by approximately \$1,483,542 for fiscal year 2016-17. The advance payment will be funded with various reserves and designations within the Auditor-Controller Treasurer-Tax Collector's authority.

RESULTS

The County will save an estimated \$1,483,542 on the annual pension obligation which can be used for other programs.